

MULPHA INTERNATIONAL BHD^(19764-T)

PART A1 : QUARTERLY REPORT

Quarterly report on consolidated results for the fourth financial quarter ended 31 December 2014

The figures have not been audited

I(A) CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		CURRENT QUARTER ENDED 31.12.2014	COMPARATIVE QUARTER ENDED 31.12.2013	12 MONTHS CUMULATIVE TO 31.12.2014	12 MONTHS CUMULATIVE TO 31.12.2013
	<i>Note</i>	RM'000	RM'000 (restated)	RM'000	RM'000 (restated)
<i>Continuing operations</i>					
Revenue		357,152	266,995	958,682	776,391
Operating expenses		(323,690)	(265,514)	(941,295)	(803,541)
Other operating income		70,638	45,982	148,332	118,198
Profit from operations		104,100	47,463	165,719	91,048
Finance costs		(25,273)	(19,950)	(92,236)	(68,530)
Share of (loss)/profit of associates		(4,999)	(1,942)	33,702	(77,506)
Share of (loss)/profit of jointly-controlled entities		(36)	4,801	5,191	9,065
Profit/(Loss) before tax	B5	73,792	30,372	112,376	(45,923)
Income tax (expense)/benefit	B6	(2,446)	13,732	(16,842)	16,288
Profit/(Loss) for the year from continuing operations		71,346	44,104	95,534	(29,635)
<i>Discontinued operation</i>					
Profit for the year from discontinued operation	A13(a)	-	(201)	29,025	1,876
Profit/(Loss) for the year		71,346	43,903	124,559	(27,759)
Attributable to:					
Owners of the Company		75,177	41,975	124,148	(32,256)
Non-controlling interests		(3,831)	1,928	411	4,497
Profit/(Loss) for the year		71,346	43,903	124,559	(27,759)
Earnings/(Loss) per share (sen):-	B11				
- Basic/Diluted		3.52	1.94	5.82	(1.49)

(The Condensed Consolidated Profit or Loss should be read in conjunction with the Annual Audited Financial Statements of the Group for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements)

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I(B) CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	CURRENT QUARTER ENDED 31.12.2014 RM'000	COMPARATIVE QUARTER ENDED 31.12.2013 RM'000	12 MONTHS CUMULATIVE TO 31.12.2014 RM'000	12 MONTHS CUMULATIVE TO 31.12.2013 RM'000
Profit/(Loss) for the year	71,346	43,903	124,559	(27,759)
Foreign currency translation differences for foreign operations	(17,813)	(69,491)	(47,524)	(177,200)
Fair value movement of available- for-sale financial assets	8,947	12,934	8,301	17,647
Share of other comprehensive income/ (expense) of associates	996	17,359	(2,844)	13,026
Reclassification to profit or loss on disposal of subsidiaries	-	-	(10,552)	-
Other comprehensive expense for the year, net of tax	(7,870)	(39,198)	(52,619)	(146,527)
Total comprehensive income/ (expense) for the year	63,476	4,705	71,940	(174,286)
Attributable to :				
Owners of the Company	67,307	2,689	71,529	(178,871)
Non-controlling interests	(3,831)	2,016	411	4,585
Total comprehensive income/ (expense) for the year	63,476	4,705	71,940	(174,286)

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements of the Group for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements)

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II CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Note</i>	UNAUDITED AS AT 31.12.2014 RM'000	AS AT 31.12.2013 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	<i>A10</i>	1,011,017	993,556
Investment properties		21,962	18,449
Prepaid land lease payments		-	733
Investment in associates		1,181,490	1,072,071
Investment in jointly-controlled entities		16,388	157,557
Investment securities		88,447	74,951
Other investment		5,080	5,061
Goodwill		9,113	9,119
Inventories		816,887	428,084
Other non-current assets		5,070	5,500
Deferred tax assets		53,750	23,915
		3,209,204	2,788,996
Current assets			
Inventories		576,290	514,495
Trade and other receivables		260,710	236,143
Other current assets		31,759	34,479
Investment securities		6,682	5,304
Income tax recoverable		10,633	247
Cash and bank balances		600,796	659,553
		1,486,870	1,450,221
Asset classified as held for sale		-	18,865
		1,486,870	1,469,086
TOTAL ASSETS		4,696,074	4,258,082

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II CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Note</i>	UNAUDITED AS AT 31.12.2014 RM'000	AS AT 31.12.2013 RM'000
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		1,177,957	1,177,957
Share premium		579,863	579,863
Treasury shares	A6	(92,115)	(92,049)
Reserves		260,797	311,075
Retained earnings		432,711	308,565
		2,359,213	2,285,411
Non-controlling interests		44,346	52,130
Total equity		2,403,559	2,337,541
Non-current liabilities			
Trade and other payables		15,491	11,267
Provision for liabilities		2,179	3,015
Loans and borrowings	B8	794,648	817,853
		812,318	832,135
Current liabilities			
Trade and other payables		270,045	155,388
Other current liabilities		14,801	98,215
Provision for liabilities		20,365	17,851
Loans and borrowings	B8	1,163,079	805,178
Derivative liabilities		4,928	1,027
Income tax payable		6,979	10,747
		1,480,197	1,088,406
Total liabilities		2,292,515	1,920,541
TOTAL EQUITY AND LIABILITIES		4,696,074	4,258,082
Net assets per share (RM)		1.11	1.05

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements of the Group for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements)

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III CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<----- Attributable to Owners of the Parent ----->						<----- Non-distributable -----> <Distributable>			
	Share Capital	Share Premium	Exchange Reserve	Capital Reserve	Other Reserve	Treasury Shares	Retained Earnings	Total	Non- Controlling Interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2014	1,177,957	579,863	179,982	115,386	15,707	(92,049)	308,565	2,285,411	52,130	2,337,541
Total comprehensive (expense)/income for the year	-	-	(55,736)	-	3,117	-	124,148	71,529	411	71,940
Purchase of treasury shares	-	-	-	-	-	(66)	-	(66)	-	(66)
Changes in ownership interest in a subsidiary	-	-	-	2,341	-	-	-	2,341	(2,641)	(300)
Dividend paid to non-controlling interests of a subsidiary	-	-	-	-	-	-	-	-	(3,745)	(3,745)
Disposal of shares in subsidiaries	-	-	-	-	-	-	(2)	(2)	(1,809)	(1,811)
At 31 December 2014	1,177,957	579,863	124,246	117,727	18,824	(92,115)	432,711	2,359,213	44,346	2,403,559
At 1 January 2013	1,177,957	579,863	347,815	110,033	(2,993)	(66,255)	340,866	2,487,286	34,926	2,522,212
Total comprehensive (expense)/income for the year	-	-	(165,399)	-	18,784	-	(32,256)	(178,871)	4,585	(174,286)
Purchase of treasury shares	-	-	-	-	-	(25,794)	-	(25,794)	-	(25,794)
Dividends	-	-	-	-	-	-	-	-	(2,516)	(2,516)
Transfer within reserves	-	-	-	45	-	-	(45)	-	-	-
Deregistration of a subsidiary	-	-	(2,434)	-	(84)	-	-	(2,518)	-	(2,518)
Changes in ownership interests in subsidiaries	-	-	-	5,308	-	-	-	5,308	15,135	20,443
At 31 December 2013	1,177,957	579,863	179,982	115,386	15,707	(92,049)	308,565	2,285,411	52,130	2,337,541

(The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the Annual Audited Financial Statements of the Group for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements)

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IV CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	<-----12 MONTHS ENDED----->	
	31.12.2014	31.12.2013
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation		
- Continuing operations	112,376	(45,923)
- Discontinued operation	29,087	2,472
	141,463	(43,451)
Adjustments for non-cash items:		
Amortisation of prepaid lease payments	-	52
Bad debts recovered	(18)	(29)
Bad debts written off	3	8
Depreciation of property, plant and equipment (including discontinued operation)	54,333	60,495
Dividend income	(2,719)	(3,434)
Fair value gain on financial assets at fair value through profit or loss	(2,249)	(155)
Fair value adjustment of investment properties	(1,357)	(5,362)
Gain on disposal of investment properties	(13,922)	(341)
Gain on disposal of investment securities and other investments	(945)	(3,245)
(Gain)/loss on disposal of property, plant and equipment	(1,166)	4,470
Gain on sale of discontinued operation	(28,431)	-
Gain on deregistration of a subsidiary	-	(2,518)
Impairment loss on investment securities	11,005	3,386
Impairment/(reversal of impairment) loss on inventories	7,568	(362)
Interest expense (including discontinued operation)	92,273	68,530
Interest income (including discontinued operation)	(5,795)	(10,889)
Inventories written off	-	10,151
Negative goodwill arising from acquisition of a subsidiary	(36,463)	-
Net unrealised foreign exchange loss/(gain)	150	(1,403)
Property, plant and equipment written off	9,920	2,060
Provision for staff benefits	12,269	14,621
Provision for foreseeable loss on inventories	-	2,437
Provision for late ascertained damages	-	238
Reversal of impairment on trade and other receivables	(5,171)	(703)
Reversal of impairment loss on associates	(3,000)	-
Reversal of impairment loss on property, plant and equipment	(5,214)	-
Share of (profit)/loss of associates	(33,702)	77,506
Share of profit of jointly-controlled entities	(5,191)	(9,065)
Operating profit before changes in working capital	183,641	162,997

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PART A1 : QUARTERLY REPORT

IV CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	<-----12 MONTHS ENDED----->	
	31.12.2014	31.12.2013
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (Cont'd)		
Changes in working capital		
Inventories	(169,139)	(73,375)
Receivables	(18,887)	(19,027)
Other current assets	3,901	-
Other non-current assets	385	387
Financial assets at fair value through profit or loss	(184)	(868)
Payables	26,335	59,576
Other non-current liabilities	4,223	3,467
Net change in working capital	(153,366)	(29,840)
Cash generated from operations	30,275	133,157
Interest paid	(92,273)	(68,530)
Interest received	5,795	10,889
Income tax paid	(21,694)	(36,638)
Staff benefits paid	(10,531)	(14,741)
Net cash (used in)/generated from operating activities	(88,428)	24,137
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of non-controlling interest	(300)	-
Acquisition of a subsidiary, net of cash and cash equivalents acquired	(348)	-
Additional investment in a jointly-controlled entity	(3,669)	-
Additional investment in associates	(115,883)	(178,444)
Capital repayment from jointly-controlled entities	-	4,770
Dividend received from associates and jointly-controlled entity	25,780	23,450
Dividend received from other investments	2,719	3,434
Purchase of property, plant and equipment	(111,086)	(55,054)
Purchase of investment securities and other investment	(1,608)	(27,066)
Proceeds from disposal of property, plant and equipment	2,206	5,240
Proceeds from disposal of investment properties	33,119	550
Proceeds from disposal of investment securities and other investments	4,259	6,181
Proceeds from disposal of discontinued operation, net of cash and cash equivalents disposed of	29,795	-
Proceeds from changes in the ownership of interest in subsidiaries	-	20,443
Refurbishment of investment properties	(549)	(1,735)
Net cash used in investing activities	(135,565)	(198,231)

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PART A1 : QUARTERLY REPORT

IV CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	<-----12 MONTHS ENDED----->	
	31.12.2014	31.12.2013
	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of finance lease liabilities	(6,312)	(6,098)
Purchase of treasury shares by the Company	(66)	(25,794)
Dividend paid to non-controlling interests	(3,745)	(2,516)
Uplift/(placement) of pledged cash and deposits	32,002	(216,089)
Net drawdown of borrowings	212,259	425,837
Net cash generated from financing activities	<u>234,138</u>	<u>175,340</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	10,145	1,246
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY	134,941	159,741
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(37,504)	(26,046)
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER	<u>107,582</u>	<u>134,941</u>
	Note A	
Note A		
Included in cash and cash equivalents as at 31 December are the following:		
- Cash and deposits with licensed banks	600,796	659,553
- Bank overdrafts	(2,162)	(1,558)
- Cash and deposits pledged	(491,052)	(523,054)
	<u>107,582</u>	<u>134,941</u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited Annual Financial Statements of the Group for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements)

PART A

Explanatory Notes Pursuant to Malaysian Financial Reporting Standard (MFRS) 134: Interim Financial Reporting

A1. Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with the Malaysian Financial Reporting Standard ("MFRS") 134, "Interim Financial Reporting" issued by the Malaysian Accounting Standards Board ("MASB") and paragraph 9.22 and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad, and should be read in conjunction with the Group's annual audited financial statements for the year ended 31 December 2013.

The significant accounting policies and methods of computation applied in the interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 December 2013 except for the adoption of the following:

- Amendments to MFRS 10, *Consolidation Financial Statements: Investment Entities*
- Amendments to MFRS 12, *Disclosure of Interests in Other Entities: Investment Entities*
- Amendments to MFRS 127, *Separate Financial Statements (2011): Investment Entities*
- Amendments to MFRS 132, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities*
- Amendments to MFRS 136, *Impairment of Assets - Recoverable Amount Disclosure for Non-Financial Assets*
- Amendments to MFRS 139, *Novation of Derivatives and Continuation of Hedge Accounting*

The adoption of the above is not expected to have any material impact on the financial statements of the Group.

Aveo Group (formerly known as FKP Property Group) ("AVEO"), an Australian-listed associate with its financial year ending in June, releases its financial statements on half-yearly basis i.e. for the periods ending June and December. In accounting for the Group's share of results in AVEO for the quarters ending March and September, the Group relies on the full year profit guidance issued by AVEO adjusted to its quarterly components. AVEO's profit guidance do not include any non-operational exceptional items. Accordingly, the Group's share of results in AVEO for March and September quarters are based on AVEO's profit guidance while for June and December periods are based on AVEO's public released results.

A2. Audit Report of Preceding Annual Financial Statements

The audit report of the Group's annual financial statements for the financial year ended 31 December 2013 was not subject to any qualification.

A3. Seasonal or Cyclicity of Operations

Except for the hotel division whose performance is influenced by the festive and holiday periods, the other businesses of the Group are generally not subject to seasonal or cyclical fluctuations.

A4. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flow

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group for the current quarter ended 31 December 2014.

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FOURTH FINANCIAL QUARTER ENDED 31 DECEMBER 2014

A5. Changes in Estimates

There were no changes in estimates of amounts reported in prior financial years that have a material effect in the current financial year.

A6. Changes in Debt And Equity Securities

During the current financial year ended 31 December 2014, the Company has bought back 150,000 ordinary shares of RM0.50 each at average cost of RM0.45 per share. As at 31 December 2014, 222,199,800 ordinary shares of RM0.50 each were retained as treasury shares.

A7. Dividend Paid

There was no dividend paid during the current financial quarter.

A8. Segment Information

Segment analysis for the year ended 31 December 2014 is set out below:

<u>Revenue</u>	12 months ended 31.12.2014			12 months ended 31.12.2013		
	<u>Continuing Operations</u>	<u>Discontinued Operations</u>	<u>Total</u>	<u>Continuing Operations</u>	<u>Discontinued Operations</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Business Segment						
Property	569,144	-	569,144	376,815	-	376,815
Hospitality	386,964	2,697	389,661	398,578	7,301	405,879
Investment and others	2,574	-	2,574	998	-	998
	<u>958,682</u>	<u>2,697</u>	<u>961,379</u>	<u>776,391</u>	<u>7,301</u>	<u>783,692</u>
<u>Profit/(Loss) Before Tax</u>						
Property	256,901	-	256,901	95,861	-	95,861
Hospitality	(82,339)	656	(81,683)	(33,676)	2,472	(31,204)
Investment and others	(8,843)	28,431	19,588	28,863	-	28,863
	<u>165,719</u>	<u>29,087</u>	<u>194,806</u>	<u>91,048</u>	<u>2,472</u>	<u>93,520</u>
Finance costs	(92,236)	-	(92,236)	(68,530)	-	(68,530)
Share of results of associates/ jointly-controlled entities	38,893	-	38,893	(68,441)	-	(68,441)
	<u>112,376</u>	<u>29,087</u>	<u>141,463</u>	<u>(45,923)</u>	<u>2,472</u>	<u>(43,451)</u>

A9. Related Party Disclosures

Below are the significant related party transactions, which were carried out on terms and conditions negotiated amongst the related parties:

	4th Quarter Ended		12 Months Ended	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000
A. Associates				
Agency fee	274	-	1,258	-
Dividend income	973	3,631	26,304	15,542
Director fees received	63	86	257	310
Disposal of investment securities	-	29,167	-	29,167
Interest expense	375	-	1,239	-
Purchase of investment securities	-	27,353	-	27,353
Project management fee expense	100	-	100	-
Rental income	661	359	1,610	1,774
Rental expense	180	180	720	630
Share service income	445	1,532	2,236	3,368
Sale proceeds from disposal of lands	33,417	-	78,117	-
B. Other related parties				
Non-controlling interests of a subsidiary				
- Interest expense	25	25	100	100
A company related to a person connected to a director				
- Other expense	14	-	174	-
- Interest expense	100	99	391	390

These transactions have been entered into in the normal course of business and have been established under negotiated terms.

A10. Valuation Of Property, Plant And Equipment

The carrying value of the property, plant and equipment is stated at cost less depreciation and impairment losses.

A11. Capital Commitments

Capital commitments for the purchase of property, plant and equipment as at 31 December 2014 are as below:

	RM'000
(a) Approved and contracted for	1,958
(b) Approved but not contracted for	710

A12. Material Events Subsequent To The Reporting Date

There were no material events subsequent to 31 December 2014 to be disclosed other than those disclosed in Note B7(iii).

A13. Changes in The Composition Of the Group

(a) Disposal of AF Investments Limited Group

The Company had on 16 May 2014 entered into a Share Purchase Agreement with Lemongrass Master Fund I ("Purchaser") to dispose of its entire 100% equity interest in AF Investments Limited ("AFIL") to the Purchaser for a total consideration of USD10 million (equivalent to approximately RM32 million). AFIL is a company incorporated in Hong Kong with an authorised and paid-up share capital of HKD10,000 and HKD2 respectively. The principal activity of AFIL is investment holding which holds 70% equity interest in Indochine Park Tower Joint Venture Company ("IPT"). IPT is the owner and operator of Indochine Park Tower, an 18-storey serviced residences building located at Ho Chi Minh City, Vietnam, which comprises 55 fully serviced 3-bedroom apartments and penthouses ranging from 128 to 249 square metres each. The disposal was completed in the second quarter of 2014.

An analysis of the results of discontinued operation and the gain on disposal is as follows:-

(i) Results of discontinued operations

	Period to disposal date RM'000	12 Months Ended 31.12.2013 RM'000
Revenue	2,697	7,301
Operating expenses	(2,025)	(5,053)
Other operating income	21	224
Profit from operations	<u>693</u>	<u>2,472</u>
Finance costs	(37)	-
Gain on sale of discontinued operations	<u>28,431</u>	<u>-</u>
Profit before tax from discontinued operations	<u>29,087</u>	<u>2,472</u>
Income tax expense	(62)	(596)
Profit for the period from discontinued operations	<u><u>29,025</u></u>	<u><u>1,876</u></u>

(ii) The following items have been included in arriving at profit before tax from discontinued operation:-

	Period to disposal date RM'000	12 Months Ended 31.12.2013 RM'000
Interest income	(3)	(67)
Interest expense	37	-
Depreciation and amortisation	506	1,184
Foreign exchange loss/(gain)	4	(22)

A13. Changes in The Composition Of the Group (Cont'd)

(b) Acquisition of Mulpha Norwest Pty Limited

Mulpha Investments Pty Limited (“MIPL”), an indirect wholly-owned foreign subsidiary of the Company has on 12 February 2014 entered into a conditional share sale agreement (“SSA”) with Aveo Group Limited, Mulpha Australia Limited (“MAL”), Mulpha FKP Pty Limited (“MFKP”) and Norwest Real Estate Pty Ltd to acquire the remaining 49.99% of the total issued and paid-up share capital of MFKP, from Aveo Group Limited for a total purchase consideration of AUD55,952,344 (equivalent to approximately RM167.88 million) (“Proposed Acquisition”). MIPL currently holds 50.01% of the total issued and paid-up share capital of MFKP, which is a joint venture of MIPL. The Proposed Acquisition was completed in the second quarter of 2014 and MFKP (currently known as Mulpha Norwest Pty Limited), has become a wholly-owned subsidiary of MIPL.

(c) Deregistration/ceasation of subsidiaries

Mulpha Hotel Melbourne Trust, HDFI Nominees Pty Ltd, Mulpha (SPV 1) Pty Limited, Mulpha Aviation Australia Pty Limited and Mulpha Hotel (Melbourne) Pty Limited, subsidiaries of Mulpha Australia Limited (“MAL”), which in turn is a wholly-owned subsidiary of Company, had been deregistered or ceased to be subsidiaries of MAL during the current financial year.

(d) Acquisition of an associated company

View Link Global Limited, a wholly-owned subsidiary of Mulpha Strategic Limited which is wholly-owned by Mulpha Group Services Sdn. Bhd. and is in turn a wholly-owned subsidiary of the Company, had on 20 February 2014 subscribed for 33 shares of USD1.00 each, representing 33% of the share capital of New Pegasus Holdings Limited, a company incorporated in the British Virgin Islands for a total consideration of GBP21.34 million (equivalent to approximately RM115.88 million). The principle activity of New Pegasus Holdings Limited is investment holding which owns a property in London through its wholly-owned subsidiary.

(e) Incorporation of new subsidiaries

Mulpha Australia Limited (“MAL”), a wholly-owned subsidiary of the Company had on 3 October 2014 incorporated iLead Training Pty Ltd (“ITPL”) and on 11 December 2014 incorporated Mulpha Core Plus Pty Limited (“MCPPL”) and Norwest City Pty Limited (“NCPL”). ITPL, MCPPL and NCPL had become indirect wholly-owned subsidiaries of the Company. The principal activity of ITPL is training organisation whilst MCPPL and ITPL are dormant.

A14. Changes in Contingent Liabilities or Contingent Assets

(a) Changes in the contingent liabilities since 31 December 2013 are as follows:-

	Decrease RM'000
Guarantees given to third parties	<u>29,860</u>

(b) There are no contingent assets as at the date of this report.

PART B

Explanatory Notes Pursuant to paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad

B1. Review of performance

(a) Current Year Quarter vs. Previous Year's Corresponding Quarter

The Group reported revenue of RM357.15 million and pre-tax profit of RM73.79 million for the current quarter ended 31 December 2014 as compared to revenue of RM267.00 million and pre-tax profit (excluding discontinued operations) of RM30.37 million in the corresponding quarter of the previous financial year. The Group's revenue and pre-tax profit recorded a significant improvement by 33.76% and 142.97% respectively, mainly attributed to higher contributions from the property segment as further elaborated below.

The property division registered revenue of RM230.81 million and pre-tax profit of RM140.83 million for the 4th quarter of 2014 as compared to revenue of RM148.83 million and pre-tax profit of RM24.00 million in the previous year's corresponding quarter. The stronger performance in the current quarter was mainly attributed to higher sales generated from the Sanctuary Cove project located in Queensland, Australia as well as full recognition of results from Mulpha Norwest Pty Limited ("Mulpha Norwest") which is principally involved in property development projects in Sydney. Mulpha Norwest, previously a jointly controlled entity, became a wholly owned subsidiary of the Group in May 2014.

The hospitality division (excluding discontinued operation) recorded revenue of RM125.51 million and pre-tax loss of RM32.59 million for the 4th quarter of 2014 as compared to revenue of RM117.17 million and pre-tax loss of RM1.84 million for the previous year's corresponding quarter. The increase in revenue was mainly due to better occupancy and average room rates in Intercontinental Sanctuary Cove and One&Only Hayman Island in Australia. The overall financial results of the hospitality division were however, lower mainly due to the higher marketing cost for promotional activities and certain initial operating costs in relation to the One&Only Hayman Island resort which reopened in July 2014 after a temporary closure for major refurbishment.

The investments and other activities segment recorded a pre-tax loss of RM4.13 million for the 4th quarter of 2014 as compared to a pre-tax profit of RM25.30 million in the previous year's corresponding quarter. The weaker performance in the current quarter was mainly due to lower foreign exchange gain from the Group's loans and deposits which were denominated in Australian dollars and US dollars respectively and higher impairment loss on investment securities in the current quarter.

(b) Current Year-to-date vs. Previous Year-to-date

The Group's revenue increased by RM182.29 million or 23.48% to RM958.68 million for year ended 31 December 2014 compared to the previous year. The Group posted pre-tax profit (including discontinued operations) of RM141.46 million, a substantial improvement of RM184.91 million from a pre-tax loss of RM43.45 million in 2013. The improved overall performance was mainly attributed to:

(a) the Group's property segment in 2014 contributed a higher pre-tax profit of RM161.04 million compared to 2013 as further explained below; and

(b) higher contributions from an associated company, AVEO Group in Australia, amounting to RM41.83 million, an improvement of RM151.03 million as compared to the previous year when the Group recorded a share of loss from the AVEO Group amounting to RM109.20 million. AVEO Group has shown strong financial and operational performance in the current year resulting from its realignment to a pure retirement strategy since mid-2013.

However, the better Group performance was partially offset by the Group's share of loss of another associated company, Mudajaya Group Berhad ("Mudajaya"), of RM49.18 million, a weaker performance in the hospitality segment (including discontinued operations) of RM48.66 million and the investment and other activities segment (including discontinued operations) of RM9.28 million. The weaker performance of Mudajaya was mainly due to the additional costs incurred for acceleration of works for local construction projects where the claims are still under negotiation with the clients coupled with general increase in construction related costs.

B1. Review of performance (Cont'd)

(b) Current Year-to-date vs. Previous Year-to-date (Cont'd)

The property division recorded revenue of RM569.14 million and pre-tax profit of RM256.90 million for the year ended 31 December 2014 as compared to a revenue of RM376.82 million and pre-tax profit of RM95.86 million for the previous year. The better performance in the current year was mainly attributed to higher sales generated from the Leisure Farm project comprising bungalows and semi-detached units in Iskandar Malaysia, a gain on disposal of investment properties in Mulpha Land Group, higher sales generated from Sanctuary Cove, and the recognition of Mulpha Norwest's results as a subsidiary since May 2014 in Australia.

The hospitality division (excluding discontinued operations) registered revenue of RM386.96 million and pre-tax loss of RM82.34 million for the year ended 31 December 2014 as compared to a revenue of RM398.58 million and pre-tax loss of RM33.67 million for the previous year. The weaker performance was mainly attributed to the temporary closure of Hayman Island Resort in January 2014 in order to undertake an extensive refurbishment and rebranding program. The resort has been reopened in July 2014 as the One&Only Hayman Island, managed by a world renowned international resort operator, Kerzner International. The division's weaker results were alleviated by improved performance in Intercontinental Sydney and Intercontinental Sanctuary Cove Resort as a result of improved occupancy as well as average room rates achieved in 2014.

The Group's investments and other activities segment posted a pre-tax profit (including discontinued operations) of RM19.59 million in the current financial year as compared to pre-tax profit of RM28.86 million in 2013 corresponding year. The weaker performance in the current financial year was mainly attributed to lower foreign exchange gain as well as an impairment loss made on investment securities. The weaker results were alleviated by a gain on disposal from discontinued operations by RM28.43 million.

B2. Comparisons With Preceding Quarter's Results

The Group recorded revenue of RM357.15 million and pre-tax profit of RM73.79 million for the 4th quarter of 2014, compared to revenue of RM296.80 million and pre-tax profit of RM60.75 million for the 3rd quarter of 2014. The stronger performance of the current quarter was mainly attributed to the property segment as further elaborated below.

The property division registered revenue of RM230.81 million and pre-tax profit of RM140.83 million for the 4th quarter of 2014 as compared to a revenue of RM191.23 million and pre-tax profit of RM61.96 million for the 3rd quarter. The stronger performance in the current quarter was mainly attributed to stronger sales from the Sanctuary Cove project located at Queensland and the Mulpha Norwest project in Sydney included the disposal of Gateway lands as disclosed in Note B7(ii)(a).

The hospitality division (excluding discontinued operations) recorded revenue of RM125.51 million and pre-tax loss of RM32.59 million for the 4th quarter of 2014 as compared to a revenue of RM104.77 million and pre-tax loss of RM16.08 million for the 3rd quarter. The increase in revenue was mainly due to better occupancy and average room rates in Intercontinental Sanctuary Cove, Intercontinental Sydney and One&Only Hayman Island in Australia. Despite the increase in revenue, the pre-tax loss was higher mainly due to high marketing cost and certain initial operating costs in relation to One&Only Hayman Island.

The Group's investments and other activities segment reported a pre-tax loss of RM4.13 million for the 4th quarter of 2014 as compared to pre-tax profit of RM26.83 million for the 3rd quarter. The weaker performance was mainly due to a lower gain on foreign exchange in relation to the Group's deposits and loans, impairment loss on investment securities and loss on derivatives in the 4th quarter.

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B3. Prospects

We remain optimistic that the Group is well positioned for future growth opportunities based on its strong balance sheet in particular owning prime hotels and development assets strategically located across Malaysia, Australia and United Kingdom. Barring any unforeseen circumstances, the Group's performance for the financial year ending 31 December 2015 is expected to be satisfactory.

B4. Variance from Profit Forecast or Profit Guarantee

Not applicable as there was no profit forecast or profit guarantee issued.

B5. Profit/(Loss) Before Tax

	4th Quarter Ended		12 Months Ended	
	31.12.2014 RM'000	31.12.2013 RM'000 (restated)	31.12.2014 RM'000	31.12.2013 RM'000 (restated)
The following items have been included in arriving at profit/(loss) before tax from continuing operations:-				
Bad debt recovered	(9)	626	(18)	(29)
Bad debt written off	3	8	3	8
Depreciation and amortisation	14,437	15,111	53,827	60,547
Dividend income	630	711	(2,719)	(3,434)
Fair value adjustment for assets held at fair value through profit or loss	(94)	510	(2,249)	(155)
Fair value adjustment for investment properties	(1,357)	(5,362)	(1,357)	(5,362)
Foreign exchange gain	(16,983)	(27,043)	(30,361)	(44,568)
Gain on discontinued operation	-	-	(28,431)	-
Gain on disposal of investment properties	-	-	(13,922)	(341)
Gain on disposal of investment securities and other investment	(773)	(1,300)	(945)	(3,245)
(Gain)/Loss on on disposal of property plant and equipment	-	-	-	-
	(1,170)	6,519	(1,166)	4,470
Gain on deregistration of a subsidiary	-	(2,518)	-	(2,518)
Interest income	(1,571)	(2,611)	(5,792)	(10,822)
Interest expense	25,273	19,950	92,236	68,530
Impairment loss on investment securities	5,109	3,386	11,005	3,386
Impairment/(Reversal) loss on inventories	7,568	(32)	7,568	(362)
Inventories written off	-	10,151	-	10,151
Loss/(Gain) on derivatives	2,654	(74)	1,225	(7,903)
Negative goodwill arising from acquisition of a subsidiary	(36,463)	-	(36,463)	-
Property, plant and equipment written off	9,908	2,060	9,920	2,060
Provision for late ascertained charges	-	238	-	238
Provision for foreseeable loss	-	2,437	-	2,437
(Reversal)/Impairment on allowance of doubtful debts	(1,121)	(1,696)	(5,171)	(703)
Reversal of impairment loss on property, plant and equipment	(5,214)	-	(5,214)	-
Rental income	(6,558)	(7,394)	(25,645)	(28,697)
Reversal of impairment loss of associates	-	-	(3,000)	-

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B6. Income tax expense/(benefit)

	4th Quarter Ended		12 Months Ended	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000
Current year income tax				
Malaysian - current	84	21,877	7,077	37,810
- prior year	(7)	464	401	1,438
Overseas - prior year	-	155	-	-
	<u>77</u>	<u>22,496</u>	<u>7,478</u>	<u>39,248</u>
Deferred tax				
Origination and reversal of temporary differences	2,575	(36,100)	9,930	(55,408)
Overprovision in prior year	(206)	(128)	(566)	(128)
	<u>2,369</u>	<u>(36,228)</u>	<u>9,364</u>	<u>(55,536)</u>
Income tax expense/(benefit) from continuing operations	<u>2,446</u>	<u>(13,732)</u>	<u>16,842</u>	<u>(16,288)</u>
Income tax expenses attributable to discontinued operation	-	141	62	596
	<u>2,446</u>	<u>(13,591)</u>	<u>16,904</u>	<u>(15,692)</u>

The effective tax rate of the Group for the financial year ended 31 December 2014 under review is lower than the statutory rate of 25% mainly due to differential tax rates in other countries, certain income not subject to taxation and lower real property gain tax on disposal of investment properties in the current financial year. This was alleviated by certain expenses which are not deductible and certain deferred tax assets not recognised.

B7. Status of Corporate Proposals

- (i) On 29 July 2013, Mulpha Land Berhad ("MLB"), 61.93% owned subsidiary of the Company announced the following proposals:-

MLB has proposed to dispose of a parcel of freehold land held under Geran 449268, Lot 137699, Mukim Pulai, Daerah Johor Bahru, Negeri Johor, to Leisure Farm Equestrian Sdn Bhd ("LFESB"), a wholly-owned subsidiary of Leisure Farm Corporation Sdn Bhd, which in turn is a wholly-owned subsidiary of the Company, for a consideration of RM14,915,000 ("Proposed Land Disposal"). The Proposed Land Disposal was approved by the shareholders of MLB on 6 December 2013.

On 29 January 2014, MLB had entered into a supplemental letter with LFESB to mutually extend the cut-off date of the Proposed Land Disposal for a period of three (3) months until 29 April 2014 for the purpose of enabling LFESB to obtain the remaining outstanding condition precedent to the Proposed Land Disposal.

On 29 April 2014, MLB had entered into a further supplemental letter with LFESB to mutually extend the cut-off date of the Proposed Land Disposal for a period of three (3) months from 29 April 2014 until 29 July 2014 for the purpose of enabling LFESB to obtain the remaining outstanding condition precedent to the Proposed Land Disposal.

On 25 July 2014, MLB had entered into a further supplemental letter with LFESB to mutually extend the cut-off date for a period of three (3) months from 29 July 2014 until 29 October 2014 for the purpose of enabling LFESB to obtain the remaining outstanding condition precedent to the Proposed Land Disposal.

B7. Status of Corporate Proposals (Cont'd)

- (i) On 25 October 2014, MLB had entered into a further supplemental letter with LFESB to mutually extend the completion date of the Proposed Land Disposal for a period of three (3) months from 30 October 2014 until 29 January 2015 for the settlement of the balance consideration of LFESB. The Proposed Land Disposal was completed on 10 December 2014 following the full settlement sum paid by LFESB.
- (ii) Mulpha Norwest Pty Limited ("Norwest") and Mulpha Sanctuary Cove (Developments) Pty Limited ("SC"), subsidiaries of Mulpha Australia Limited, which in turn is a wholly-owned subsidiary of the Company, had on 20 May 2014 entered into 3 separate conditional contracts of sale of land for the disposal of lands to two subsidiaries of Aveo Group, namely Aveo Southern Gateway Pty Limited and Aveo Sanctuary Cove Pty Limited for a total consideration of AUD53.6 million (equivalent to approximately RM161 million) ("Proposed Disposals"). The Proposed Disposals consist of the following:
- (a) disposal of 2 parcels of land held under Lot 701 comprising part of Lot 6061, and Lots 1 and 2 comprising part of Lot 6065, both located at Norwest Business Park at Baulkham Hills in Western Sydney, New South Wales ("Gateway Land") by Norwest to Aveo Southern Gateway Pty Limited was completed in the fourth quarter of 2014; and
- (b) disposal of a parcel of land held under Lots 2, 4, 5 and 8 on SP 186788, located at Sanctuary Cove, in the northern end of Queensland's Gold Coast ("SC Land") by SC to Aveo Sanctuary Cove Pty Limited was completed in the second quarter of 2014.
- (iii) On 18 December 2014, Norwest City Pty Limited an indirect wholly-owned subsidiary of the Company had entered into a Contract for the Sale of Land with Norwest Marketown Pty Limited as trustee for Norwest Lakeside Unit Trust ("Vendor") for the proposed acquisition of Norwest Marketown and certain surrounding lands located at Norwest Boulevard, Baulkham Hills NSW, Australia from the Vendor for a total purchase consideration of AUD120 million (equivalent to RM342 million). The said acquisition is expected to be completed by the first quarter of 2015.

B8. Group Loans and Borrowings

The details of the loans and borrowings as at 31 December 2014 are as follows:-

	RM'000	RM'000
Short term - Secured	* 1,157,954	
- Unsecured	<u>5,125</u>	1,163,079
Long term - Secured		<u>794,648</u>
		<u>1,957,727</u>

Included in the above group loans and borrowings are the following loans and borrowings raised by subsidiaries and denominated in foreign currencies:

			RM'000
			equivalent
Australian Dollar	AUD '000	404,945	1,154,094
Japanese Yen	JPY '000	3,048,981	88,420
US Dollar	USD '000	150,000	<u>525,000</u>

*An amount of AUD141.50 million equivalent to RM403.28 million has been renewed for another 3 years in February 2015.

B9. Material Litigation

As at the date of this report, there was no pending material litigation which could adversely affect the financial position of the Group.

B10. Dividend

The Board of Directors does not recommend any dividend for the current financial quarter.

B11. Earnings/(Loss) Per Share

The basic earnings/(loss) per share of the Group has been computed by dividing the profit/(loss) attributable to equity holders of the parent by the weighted average number of ordinary shares in issue during the financial year, excluding treasury shares held by the Company as set out below:

	12 Months Ended	
	31.12.2014	31.12.2013
	RM'000	RM'000
(a) <u>Continuing operations</u>		
Profit/(Loss) for the year	95,534	(29,635)
Non-controlling interests	(140)	(3,941)
Profit/(Loss) attributable to equity holders of the parent	<u>95,394</u>	<u>(33,576)</u>
Weighted average number of ordinary shares in issue ('000)		
Ordinary shares at 1 January	2,355,913	2,355,913
Effect of share buy back	(222,137)	(195,632)
Weighted average number of ordinary shares at 31 December	<u>2,133,776</u>	<u>2,160,281</u>
Basic earnings/(loss) per share (sen)	<u>4.47</u>	<u>(1.55)</u>
(b) <u>Discontinued operation</u>		
Profit for the year	29,025	1,876
Non-controlling interests	(271)	(556)
Profit attributable to equity holders of the parent	<u>28,754</u>	<u>1,320</u>
Weighted average number of ordinary shares in issue ('000)		
Ordinary shares at 1 January	2,355,913	2,355,913
Effect of share buy back	(222,137)	(195,632)
Weighted average number of ordinary shares at 31 December	<u>2,133,776</u>	<u>2,160,281</u>
Basic earnings per share (sen)	<u>1.35</u>	<u>0.06</u>
(c) <u>Total basic earnings/(loss) per share (sen)</u>	<u>5.82</u>	<u>(1.49)</u>

There are no potential dilution effects on ordinary shares of the Company for the current financial period. Accordingly, the diluted earnings/(loss) per share for the current financial year is equal to basic earnings/(loss) per share.

PART C

Disclosure of Realised and Unrealised Profits or Losses

The determination of realised and unrealised profits or losses is based on the Guidance of Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits or losses is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
Total retained earnings/(accumulated losses):		
(i) Company and subsidiaries		
- Realised	905,511	778,273
- Unrealised	52,883	27,455
(ii) Associates		
- Realised	181,982	208,906
- Unrealised	485	-
- Breakdown unavailable *	(571,139)	(595,762)
(iii) Jointly-controlled entities		
- Realised	-	31,336
- Unrealised	-	3,441
	<u>569,722</u>	<u>453,649</u>
Less: Consolidated Adjustments	(137,011)	(145,084)
Total group retained earnings as per consolidated accounts	<u>432,711</u>	<u>308,565</u>

* There is no separate disclosure shown between the realised and unrealised profit/losses components for the Group's associates, AVEO Group, Rotol Singapore Ltd and New Pegasus Limited. The rationale being that such classification is not governed by the reporting requirements of the said associates.